

Loss of Homes Seen Possible in Oil Zone

Signal Oil Co. Moves to Protect Owners as Beverlywood Association Tells Problem

BY NORMAN DASH

BEVERLYWOOD—Residents who sign oil leases in this community could conceivably lose their homes if oil is produced, according to Earl Hightower, attorney for the Beverlywood Homes Association.

"It isn't likely," Hightower said, "but it's a possibility and a problem."

Meanwhile, steps have been taken by the Signal Oil & Gas Co. to protect property owners against losses arising from lease signing, a spokesman said.

Restrictions in Contracts

This information is coming out of a dispute over community property restrictions between Signal and the Beverlywood Homes Association.

The restrictions are in contracts with present residents from the Beverly-Annaz Co., former owners, who purchased the property from the Marblehead Land Co.

Signal, with 30% of the 1199 property owners under contract, has been stalled by the association in its quest to sign up 75% of the property owners for the formation of an oil drilling district.

Boundaries Told

Beverlywood boundaries are approximately Ardmore St. on the north, Robertson Blvd. on the east, Hillcrest Country Club on the west, and Beverlywood St. on the south.

In negotiations with the Beverlywood Homes Association, Signal representa-

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OIL LEASES

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Signal believe that they have cleared up the situation.

Through endorsement from Title Insurance and Trust Co., Signal has assured property owners that provisions originally made by Marblehead Land are not enforceable, according to a decision of the State Appellate Court.

Owners Insured

This protection, purchased by Signal from Title Insurance and Trust, insures property owners against loss in the event the assurances prove to be incorrect.

In addition, Signal is agreeing to take one of the following two steps in order to satisfy property owners.

One, in a supplemental agreement to the subsurface oil and gas lease, Signal agrees not to commence drilling operations until a court of competent jurisdiction rules that such operations will not violate any of the covenants, conditions or restrictions of the Beverly-Arnaz contracts.

Written Agreement

Or, Signal will issue to each property owner a written agreement indemnifying the property from any and all loss arising from any claim that directional drilling operations violate the restrictions.

According to Hightower, the deeds from Beverly-Arnaz to present homeowners contain restrictions against the production of oil.

"Signal Oil & Gas Co. has

informed us that the cost of the property would be insured," Irving Schachter, Beverlywood Homes Association president, said. "However, they aren't taking into account present-day market values established for the property."

Also, Schachter said it specifically states in the Beverly-Arnaz declaration of restrictions to Beverlywood property owners that no oil is to be removed.

Legalities revolve around this point. Signal believes that since it will use the subsurface drilling method, it will not violate any restriction on the property.

Court Ruling Asked

However, Schachter interprets the restrictions as stating that no oil is to be removed, regardless of method.

Schachter also will ask Signal, in current negotiations, to get a court ruling for its supplemental lease agreement.

As for the indemnification, Schachter will try to make Signal indicate specifically and clearly what is meant by a loss arising from restriction claims.

The Beverlywood area was originally owned by the Marblehead and Co.

It was then sold to Beverly-Arnaz with the provision that if oil is produced, the property would revert back to Marblehead Land.

Afterward, Marblehead turned the mineral rights over to Beverly-Arnaz, but at the same time it did not remove the reverter clause from the contract.